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Zinnwald Lithium plc / EPIC: ZNWD.L / Market: AIM / Sector: Mining

22 June 2021

**Zinnwald Lithium plc ("Zinnwald Lithium" or the "Company")
Secures Full Ownership of Advanced, High Value Lithium Project in Germany**

Zinnwald Lithium plc, the German focused lithium development company, is pleased to announce that it has entered into a binding agreement to acquire the 50 per cent. of Deutsche Lithium GmbH ("Deutsche Lithium") that it does not already own for a total consideration of €8.8 million to be settled with a cash payment of €1.5 million and the issue of approximately 50 million new ordinary shares of 1 pence each ("New Ordinary Shares") (the "Acquisition"). Deutsche Lithium is developing the advanced Zinnwald Lithium Project in Germany ("Zinnwald" or the "Project"). The Acquisition gives the Company full ownership and operational control of the Project and is in line with its corporate objective to become a key supplier to the European lithium market.

Overview

- Key transaction terms:
 - o Acquisition of 50 per cent. of Deutsche Lithium from the estate of SolarWorld Aktiengesellschaft (in administration) resulting in the Company increasing its holding in Deutsche Lithium to 100 per cent.
 - o Purchase consideration of €1.5 million in cash and approximately 50 million New Ordinary Shares. There will not be an earn-out.
 - o 23,809,916 New Ordinary Shares subject to lock-in arrangements
- The Acquisition will enable the Company to advance the Project and benefit from its significant economic and strategic strengths:
 - o Integrated design: able to produce a suite of value-added downstream battery-grade lithium products
 - o Long mine life: 30 years equating to < 50% of the current identified mineral resources
 - o Advanced: Completed Feasibility Study; approved mining licence valid to 2047
 - o Experienced team: project management team based in Germany and skilled labour available
 - o Excellent location: lies in the heart of the European chemical and automotive industries
- Robust market fundamentals with potential for a six-fold increase in demand for lithium estimated by 2030 as EV (electric vehicle) adoption increases and battery sector expands
- Strategy is to advance the Project, in line with this, several workstreams are ongoing / planned:
 - o Continued engagement with potential off-take partners
 - o Performing testwork to assess the commercial viability of producing a broader range of lithium compounds
 - o Undertaking front-end engineering design work
 - o Finalising the selection of the optimal chemical processing site location
 - o Advancing the permitting process

Zinnwald Lithium CEO, Anton du Plessis, commented: *"When we created Zinnwald Lithium via the Reverse Takeover of a 50 per cent. interest in Deutsche Lithium in October 2020, one of our stated strategic objectives was to consolidate ownership of the late-stage Zinnwald Lithium Project. The Acquisition announced today fulfils this objective, giving us full ownership and operational control of the Project, which significantly enhances our ability to optimise and progress it at our own pace.*

"We believe that the Project offers an attractive entry point into the rapidly developing battery metals sector as one of the more advanced European lithium projects. We look forward to advancing the Project and keeping shareholders updated."

Details of the Acquisition

The key terms of the proposed Acquisition are set out below:

- Zinnwald Lithium has entered into a sale and purchase agreement with Mr Horst Piepenburg (acting in his capacity as insolvency administrator over the estate of SolarWorld Aktiengesellschaft) (the "Administrator") for the acquisition of the remaining 50 per cent. of the share capital of Deutsche Lithium that it does not already own.
- Following the Acquisition, Zinnwald Lithium will own 100 per cent. of the share capital of Deutsche Lithium resulting in the Company having full operational control of the Project.
- The Acquisition consideration is to be satisfied through the payment of €1.5m (£1.3 million) to the estate of SolarWorld Aktiengesellschaft (in administration) in cash from the Company's existing cash resources, together with the issue of 49,999,996 New Ordinary Shares.
- The sale and purchase agreement contains very limited warranties between Zinnwald Lithium and the Administrator, reflecting both the Company's existing knowledge of Deutsche Lithium and the nature of the role of the Administrator.
- On completion of the transaction, the New Ordinary Shares will be distributed pro-rata to creditors of SolarWorld Aktiengesellschaft with secured interests in the 50 per cent. of the share capital of Deutsche Lithium that are subject to

the acquisition. The secured creditors consist of SolarWorld Aktiengesellschaft's term loan lenders and the creditors of the two notes issued by SolarWorld Aktiengesellschaft and represented by G&P GmbH & Co. KG (ISINs DE000A1YCN14) and Mr. Alexander Elsmann (ISIN DE000A1YDDX6) as joint representatives.

Recipients of New Ordinary Shares representing a combined total of 31,746,554 New Ordinary Shares have entered into lock-in arrangements with the Company giving an undertaking that for a period of three months from completion of the Acquisition they will retain at least 75 per cent. of their New Ordinary Shares (being 23,809,916 shares) and for a period of six months from completion of the Acquisition they will retain at least 50 per cent. of their New Ordinary Shares.

Unaudited financial information for the year ended 31 December 2020 shows that Deutsche Lithium generated losses of €0.24m, reflecting the development phase of its underlying assets. Total assets as at 31 December 2020 were €8.25m.

Following the Acquisition, Zinnwald Lithium will no longer treat its shareholding in Deutsche Lithium as an investment in an associate but will consolidate Deutsche Lithium in its entirety within Zinnwald Lithium's group accounts.

On Admission (as defined below), the Company will have a market capitalisation of approximately £31.9 million, based on the closing mid-market price of 12.5 pence of an Ordinary Share on 21 June 2021. Post completion of the Acquisition, the Company will have cash on hand of €2.7 million.

Issue of equity and change to total voting rights

Application has been made for the 49,999,996 New Ordinary Shares to be admitted to trading on AIM ("Admission") and it is expected that Admission will occur on or around 24 June 2021.

Upon Admission, the Company's issued share capital will consist of 255,105,953 Ordinary Shares with one voting right each. The Company does not hold any ordinary shares in treasury. Therefore, the total number of ordinary shares and voting rights in the Company will be 255,105,953. With effect from Admission, this figure may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the share capital of the Company under the FCA's Disclosure Guidance and Transparency Rules.

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For further information visit www.zinnwaldlithium.com or contact:

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Notes

Zinnwald Lithium plc (EPIC: ZNWD.L) is an AIM quoted, German focused lithium development company focussed on becoming an important supplier to Europe's fast-growing battery sector. On completion of this transaction, the Company will own 100% of the Zinnwald Lithium Project in Germany, a late-stage development project with attractive economics and approved mining licence. The Project is located in the heart of Europe's chemical and automotive industries and has the potential to be one of Europe's most advanced battery grade lithium projects.

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